



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

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IN REPLY PLEASE  
REFER TO FILE: **PJ-2**

June 10, 2002

TO: Each Supervisor

FROM: James A. Noyes  
Director of Public Works

### **LAC+USC MEDICAL CENTER REPLACEMENT PROJECT APPROVE LIST OF PREQUALIFIED CONTRACTORS AGENDA ITEM**

Item 51 on tomorrow's agenda was continued from last Tuesday and recommends approving the list of prequalified general contractors and first-tier subcontractors for the LAC+USC Medical Center Replacement Project. This list includes only two general contractors, McCarthy Building Companies and PCL Construction. On June 6, 2002, we were verbally informed by PCL staff that they no longer intend to participate in the bid process. They have been invited to negotiate pricing on other large-scale private sector projects that present less business risk. Unless PCL changes its position, the County will receive only one bid.

Although the prospect of potentially receiving one bid initially seems alarming, Public Works recommends proceeding with approval of the prequalified contractor list and commencement of the bid period for the following reasons:

1. County Counsel has determined that accepting a single bid is legal.
2. Public Works has produced two independent construction cost estimates prepared by nationally recognized consultants that have been reconciled to within one-half of one percent of each other. This estimate will be used to evaluate bids submitted for the project. The prequalified pool of contractors understands that if the lump sum low bid unreasonably exceeds the fair market construction cost of the project, the County may reject the bid. It is unlikely that a single bidder will risk losing three months and approximately \$500,000 for the cost of bid preparation by submitting an unreasonable bid.

3. A change to an alternate multi-bid package/multi-general contractor strategy in an effort to attract additional general contractors will delay start of construction for several months. This will result in an increase in escalation cost and significantly increase the potential for jobsite construction coordination claims. A change to this strategy is anticipated to increase the bid five and a half percent over the single general contractor/single bid scenario described in 2 above.

Through our exhaustive search we have confirmed that there are no other qualified general contractors in the nation that are interested in bidding this lump sum low bid project. Therefore, elimination of the prequalification process in an effort to attract additional bidders could result in developing a pool of less qualified general contractors and, consequently, add construction claims to the project.

As demonstrated above, proceeding with the current construction delivery plan and recognizing the possibility of receiving only one bid is the best alternative to maintain the Board-approved project program, cost, and schedule.

If you have any questions, please call me or your staff may contact Tom Remillard at (626) 458-4004.

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- cc: Supervisor Gloria Molina (Alma Martinez, Martha Molina-Aviles, Carrie Sutkin)  
Supervisor Yvonne Brathwaite Burke (John Hill, Chuck Bookhammer, Patricia Miller)  
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